

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1619-02
Bill No.: HB 459
Subject: Children and Minors; Medicaid; Mental Health; Mental Health Dept.
Type: Original
Date: March 5, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Unknown exceeding \$200,000)	(Unknown exceeding \$200,000)	(Unknown exceeding \$200,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$200,000)	(Unknown exceeding \$200,000)	(Unknown exceeding \$200,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Federal Funds	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds *	\$0	\$0	\$0

* Revenue and expenditures expected to exceed \$100,000 annually and net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Department of Elementary and Secondary Education, Missouri Consolidated Health Care Plan, Department of Health and Senior Services and Office of State Courts Administrator** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would not appear to have a fiscal impact on MDC funds.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** defer to the Department of Transportation for response regarding the fiscal impact of the proposal on the MHP.

Officials from the **Department of Transportation** state the proposal will not fiscally impact the Missouri Highway Transportation Commission or the Highway and Patrol Medical Plan.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state this proposal establishes a comprehensive children's mental health services system. The Department of Mental Health could promulgate rules to enact this legislation. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Mental Health, this proposal could require as many as 14 pages in the *Code of State Regulations*. For any given rule, roughly one-half again as many pages are published in the *Missouri Register* as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be \$861 [(14 pp x \$27) + (21 pp x \$23)].

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Mental Health (DMH)** state there will be costs associated with this bill but such costs cannot be determined until the Department of Social Services completes the research required under section 208.204.2, determines the number of children eligible for services under this proposal, and the level of services and associated costs required by those children. Additionally, there may be a difference in actual service costs and those costs as reimbursed by the federal government. The proposal is not clear as to whether the appropriate funding to be transferred to the Department of Mental Health will include both General Revenue and Federal funds. Furthermore, until the extent of any Medicaid options in the form of new waivers is identified, it is not possible to determine the Federal versus the General Revenue burden of this proposal. Average costs for services potentially included under this proposal are:

CPR (Community Psychiatric Rehabilitation) Medicaid - \$1,561/client/ year (Federal & GR)
CPR (Community Psychiatric Rehabilitation) Purchase of Service - \$658/client/ year (GR)
Targeted Case Management Medicaid - \$1,602/client/ year (Federal & GR)
Targeted Case Management Purchase of Services - \$892/client/ year (GR)
Other Purchase of Services - \$662/client/year (GR)
Supported Community Living - \$7,978/client/year (GR)
Inpatient Acute Care - \$8,765/client/year (Federal & GR)

ASSUMPTION (continued)

Inpatient Residential - \$34,789/client/year (Federal & GR)
Lopez Waiver - \$18,346/client/year (Federal & GR)
Comprehensive Waiver Placement - \$50,000/client/year (Federal & GR)
Comprehensive Waiver In-Home Services - \$5,000/client/year (Federal & GR)
Autism Waiver Intensive Early Intervention - \$40,000/client/year (Federal & GR)
Autism Project - \$2,000/client/year (GR)
CSTAR (Comprehensive Substance Treatment & Rehabilitation) - \$3,943/client/year (Federal & GR)

Until the number of clients, treatment mix and new waivers to be available are determined by the Departments of Social Services and Mental Health, no costs can be attached. No costs can be established to the implementation of the unified accountable comprehensive children's mental health service system until such system, as defined in the proposal, can be studied further.

Officials from the **Department of Social Services (DOS) - Division of Family Services (DFS), Childrens' Services Unit** state fiscal costs due to elements in this proposal are hard to pinpoint at this time, but could be significant. A transfer of "appropriate funds" to the Department of Mental Health (DMH) could deplete the funding now available for children and families who are not eligible for Medicaid mental health services not covered by Medicaid. The actual number of youth this could entail and the finding needed for transfer to the DMH are not clearly known at this time.

DFS officials state that approximately 559 youth are in DFS custody due to voluntary placement by their parents. Another 188 are placed due to adjudication as a status offender and another 1,888 are placed for reasons listed as "other". This amounts to 2,635 (21.5%) youth who may have been placed for Non-CA/N (Child Abuse and Neglect) issues. However, it is safe to assume that many of these youth may have some CA/N history and many may have been placed for reasons other than needing mental health services solely.

Estimates used for a proposal from last year indicated there may be as many as 500 youth (0.4%) who are in DFS custody solely for mental health services.

Calculating the cost to DFS is difficult to determine. Children who are not otherwise eligible for Medicaid will lose this coverage upon return to their parents' care, resulting in DFS transferring 100% of general revenue dollars, rather than the 40% match it now incurs for Medicaid eligible services. Furthermore, costs associated for community-based treatment vary from case to case, depending on the unique needs of the youth and family. Not all of their needs will be met by Medicaid eligible services. Change in federal Medicaid waivers and in the state plan could require additional general revenues. The exact fiscal costs for these changes are unknown at this time.

ASSUMPTION (continued)

For the above reasons, DFS has determined this proposal to have an unknown fiscal impact expected to exceed \$100,000.

Officials from the **DOS - Division of Medical Services (DMS)** state the fiscal impact of creating a community-based service for children is unknown. Many of the services listed do not currently meet the definition of a Medicaid-covered service and would not be eligible for federal matching funds. Thus the DMH would incur all the costs for those services.

Currently, the DMS provides coverage for therapy for children in the care and custody of the DFS. If this proposal passes, the DMS would be required to transfer these funds (the General Revenue portion of 40%) to the DMH. The DMH would be responsible for providing mental health services to these children. If the children are Medicaid eligible after returning to their parents' care, the DMS would draw federal match on all funds spent on their behalf for Medicaid-covered services. If the children are not Medicaid eligible after returning to their parents' care, the DMH would be responsible for 100% of the cost of care.

The DMS assumes that the fiscal impact would be unknown greater than \$100,000. The DFS believes there could be as many as 500 youth currently in DFS custody that could be returned to their homes if adequate mental health services were available.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			
<u>Costs - Department of Mental Health</u>			
Program costs	(Unknown)	(Unknown)	(Unknown)
<u>Costs - Department of Social Services</u>			
Program costs	<u>(Unknown exceeding \$200,000)</u>	<u>(Unknown exceeding \$200,000)</u>	<u>(Unknown exceeding \$200,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown exceeding \$200,000)</u>	<u>(Unknown exceeding \$200,000)</u>	<u>(Unknown exceeding \$200,000)</u>
<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006

FEDERAL FUNDS

Income - Department of Mental Health

Program cost reimbursements	Unknown	Unknown	Unknown
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Income - Department of Social Services

Program cost reimbursements	Unknown exceeding \$100,000	Unknown exceeding \$100,000	Unknown exceeding \$100,000
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Costs - Department of Mental Health

Program costs	(Unknown)	(Unknown)	(Unknown)
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Costs - Department of Social Services

Program costs	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
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ESTIMATED NET EFFECT ON FEDERAL FUNDS*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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*** Revenue and expenditures expected to exceed \$100,000 annually and net to \$0.**

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal establishes a comprehensive mental health service system for children.

The system will be required to: (1) Be child centered, family focused, and family driven. The needs of the child and family will dictate the types and mix of services provided; (2) Provide community-based mental health services to children and their families; (3) Respond in a culturally competent and responsive manner; (4) Stress prevention, early identification, and intervention; (5) Assure access to a continuum of services; (6) Include early screening services; (7) Address problems associated with paying for mental health services for children; and (8) Assure a smooth transition from mental health services appropriate for children to mental health services needed by persons at least 19 years of age.

The proposal also requires: (1) Mental health services to be included under the Medicaid Program if services are provided by an eligible system of a care provider; (2) The Department of Mental Health, in collaboration with the Division of Medical Services in the Department of Social Services, to establish by rule, the definition and criteria for designation of a community-based service; (3) The Department of Social Services to conduct research into all child custody cases in order to determine the needs of mental health services and the absence of child abuse, neglect, or abandonment; (4) Children in need of mental health services to receive those services in the least restrictive and appropriate environment if the children are returned to a family's custody by a judge; and (5) The Division of Family Services to apply for federal waivers, including home and community-based waivers, from the U.S. Department of Health and Human Services in order to provide services to children.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

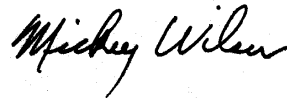
SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Elementary and Secondary Education
Department of Transportation

HW-C:LR:OD (12/02)

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Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Department of Public Safety -
Missouri Highway Patrol
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation
Office of Secretary of State



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MARCH 5, 2003